

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 880 - HB 1257

March 27, 2017

SUMMARY OF BILL: Authorizes a municipality, by adoption of a resolution by a majority vote of its legislative body, to prohibit a publicly funded entity from being sold or leased, unless an approval is granted by referendum. Defines a “publicly funded entity” as any facility that receives state or local funds to support the operation of the publicly funded facility. Clarifies that entities that receive funding from the Department of Economic and Community Development or the Department of Finance and Administration as part of any economic development project as defined in Tenn. Code Ann. § 7-40-103 are excluded from sale or lease considerations.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – To the extent voters elect not to sell or lease a publicly funded entity, a municipality will forgo revenue that may have resulted from the sale or lease and may incur other costs for maintenance; however, any action to hold such a vote and any resulting impacts are permissive.

Assumptions:

- This legislation defines sale or lease of a publicly funded entity as more than 30 percent of the assets of such publicly funded entity subject to sale or lease.
- Any action taken by a municipal legislative body to adopt a resolution to prohibit a publicly funded entity from sale or lease unless approved by referendum is permissive.
- Referendums will be placed on the ballot and held during the regular election cycle. Any increase in state or local expenditures for additional items to be placed on the ballot is estimated to be not significant.
- To the extent a municipal legislative body adopts a resolution to prohibit a publicly funded entity from being sold or leased unless approved by referendum and the majority of voters vote against the sale or lease of the public funded entity, the municipality will forgo any revenue that would have otherwise resulted from the sale or lease. The municipality may also incur insurance and other costs related to continuing to maintain the property. The amount of forgone local revenue, the timing of any prohibited sale or lease, and the location and value of such properties are unknown.

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj